



The  Factor in the Fashion Industry

CUSTOM DESIGNED  LOCALLY MANUFACTURED  QUALITY DELIVERED

ADDRESS: 14 KLINKER PLACE, BRIARDENE, DURBAN 4052

TEL: 031 312 7491

WWW.FASHIONX.CO.ZA

14 September 2020

To all Affected Persons

**NOTICE OF COMMENCEMENT OF BUSINESS RESCUE PROCEEDINGS IN RESPECT OF :
FASHION X MANUFACTURING (PTY) LTD
(REGISTRATION NO: 2017/44376/07) ("THE COMPANY")**

1. You are hereby notified, in accordance with Section 129 of the Companies Act of 2008 (as amended) ("the Companies Act"), that the Board of the Company adopted a resolution on 10 September 2020, in terms of which the Company voluntarily commenced business rescue proceedings.

A form COR123.1 being a Notice of Beginning of Business Rescue, as contemplated in section 129 of the Companies Act was filed with and accepted by the Companies and Intellectual Property Commission ("the Commission") on 10 September 2020, being the effective date of the Business Rescue process.

2. The Company simultaneously appointed Pierre de Villiers Berrangé as the Business Rescue Practitioner.

A CoR 123.2 form, being the Notice of Appointment of the Business Rescue Practitioner, as contemplated in section 129(4) of the Companies Act was filed with the Commission on 10 September 2020. We currently await confirmation from the Commission of this appointment.

3. In accordance with the requirements of Sections 129(3) and 129(4)(b) of the Companies Act, we attach copies of the following documents:
 - 3.1 The notice to commence business rescue proceedings, Form CoR 123.1 dated 10 September 2020, as filed with and accepted by the Commission (**Annexure A & A1**);
 - 3.2 A Resolution dated 10 September 2020, passed by the board of Directors of the Company of the decision to apply for voluntary business rescue and appoint a Business Rescue Practitioner (**Annexure B**);
 - 3.3 A sworn statement of the facts dated 10 September 2020, relevant to the grounds on which the board resolution was founded (**Annexure C**);
 - 3.4 The Notice of Appointment of Business Rescue Practitioner, Form CoR 123.2 filed with the Commission on 10 September 2020 (**Annexure D**).

Please direct all enquiries to the following e-mail address: vanessa@b-inc.co.za

Alternatively, view all announcements as per the link: <http://www.fashionx.co.za>

B G EDGLEY, B V CHAPMAN, N SAWERS
DIRECTORS

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.1

About this Form

- This form is issued in terms of section 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- A company resolution to commence business rescue proceedings has no force or effect until it has been filed with this notice.
- This notice must be published to every affected person within 5 business days after -
 - (a) It has been filed, in the case of a resolution; or
 - (b) The date of the court order, in such a case.
- If this Notice is issued following a board resolution-
 - (a) The company must appoint a business rescue practitioner with 5 business days after filing this notice ; and
 - (b) Any affected person may apply to a court in terms of section 130 for an order setting aside the resolution.
- The fee for filing this notice is R0.

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address
PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Notice of Beginning of Business Rescue Proceedings

Date: 10 September 2020

Customer Code: EUG3NE

Concerning

(Name and Registration Number of Company:)

Name: Fashion X Manufacturing (Pty) Ltd

Registration No: 2017/443761/07

The above named company advises that business rescue proceedings have commenced in terms of Chapter 6 of the Companies Act, as a result of:

The Board of the company having adopted the attached resolution in terms section 129, on 10 September 2020

A Court having made the attached order in terms of section 131, on

In terms of section 132 (1)(a), the company's business rescue proceedings commenced on 10 September 2020, being the date on which:

This notice was filed with the Commission.

The court issued the attached order.

(Only in the case of a company resolution)

In support of this Notice, the company has attached a sworn statement of the relevant facts upon which the resolution was founded by a director representing the Board.

Name and Title of person signing on behalf of the Company:

BEVAN GARETH EDGLEY

Authorised Signature: 



Tracking Number: 111987637

Date: 11/09/2020
Customer name: EUGENE NEL
Customer code: EUG3NE
E-mail address: vanessa@b-inc.co.za

The Commission has received a form CoR123.1 Notice to Commence Business Rescue Proceedings in terms of section 129 or court order commencing business rescue proceedings in terms of section 131 of the Companies Act, 71 of 2008, dated 11/09/2020 for:

Company / Close Corporation Name: FASHION X MANUFACTURING (PTY) LTD
Registration Number: 2017/443761/07
Company / Close Corporation Status: IN BUSINESS RESCUE

The application was duly registered on 10/09/2020 and the effective date of commencement of business rescue proceedings is recorded as 10/09/2020.

Yours sincerely,

Joel Mphahlele
Manager: Companies and Close Corporations

FASHION X MANUFACTURING (PTY) LIMITED
REGISTRATION NUMBER: 2017/443761/07
Incorporated in the Republic of South Africa
(hereinafter referred to as the "Company")

**WRITTEN RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY ADOPTED AND
EFFECTIVE ON 10 SEPTEMBER 2020**

WHEREAS:

1. The Board has reasonable grounds to believe that:
 - (a) The Company is financially distressed within the meaning of Section 128(1)(f) of the Companies Act, 71 of 2008 ("the Act") in that it appears to be:
 - (i) Reasonably unlikely that the Company will be able to pay all of its debts as and when they become due and payable within the immediate ensuing 6 (six) months; and/or
 - (ii) Reasonably likely that the Company will become insolvent within the immediate ensuing 6 (six) months; and
 - (b) There appears to be reasonable prospects of rescuing the Company as contemplated by Sections 128(1)(h) and Section 128(1)(b) of the Act.

RESOLVED:

1. That the Company is in financial distress and voluntarily commences business rescue proceedings and the Company be placed under supervision as envisaged in terms of Section 129 of the Act.
 2. That the company forthwith lodges with the Companies and Intellectual Properties Commission (CIPC):
 - 2.1 Notice that the Company is in Business Rescue Proceedings;
-

- 2.2 All other documents and forms required to be lodged by the Company with CIPC.
3. That BEVAN GARETH EDGLEY be and is authorised to appoint a suitably qualified business rescue practitioner to the Company.
4. That BEVAN GARETH EDGLEY be and is authorised to do all things necessary and to sign all and any documentation necessary to give effect to the resolutions passed above on behalf of the Board of Directors and the Company.

Signed at DURBAN on this 10th day of SEPTEMBER 2020:




BEVAN GARETH EDGLEY

DIRECTOR



BRETT VINCENT CHAPMAN

DIRECTOR



NICHOLAS SAWERS

DIRECTOR

SWORN STATEMENT

**In support of a Notice Beginning Business Rescue Proceedings
in respect of FASHION X MANUFACTURING (Pty) Limited
(Registration Number: 2017/443761/07)**

I, the undersigned,

**BEVAN GARETH EDGLEY
(Identity number: 720930 5052 08 6)**

do hereby make oath and state:

1.

I am a Director of Fashion X Manufacturing (Pty) Limited, registration number: 2017/443761/07 a company, duly registered and incorporated according to law, and having its registered address at 14 Klinker Place, Briardene, Durban, Kwazulu-Natal, 4052, hereafter referred to as "the Company"

2.

The contents of this Sworn Statement are true and correct and unless stated otherwise, the facts contained herein fall within my own personal knowledge and belief.

3.

I am duly authorised to depose to this Affidavit in terms of a Resolution passed by the Board of Directors of the Company ("Board") dated 10 September 2020 a copy of which is annexed hereto marked Annexure A.

4.

I make this sworn statement:

4.1 In support of the Company's notice to commence business rescue proceedings as contemplated in terms of Section 129 of the Companies Act, 71 of 2008 ("the Act"), and



4.2 with a view to providing information relevant to proposed business rescue proceedings and in support of the contention that the Company is in financial distress as contemplated by the provisions of Section 128 (1)(f) of the Act.

5.

On 10 September 2020 the Board of Directors of the Company resolved that the Company voluntarily commence Business Rescue Proceedings as envisaged in the Act.

6.

The business of the Company comprises designing, manufacturing and supplying clothing and clothing accessories to retailers.

7.

For the purpose of the Companies and Intellectual Property Commission Practice Note 3 of 2014, the physical address where most of the business activities in the current financial year were undertaken is 14 Klinker Place, Briardene, Durban, 4052.

8.

The Public Interest (PI) score of the Company is 266 based on the Company's Audited Financial Statements, making it a medium company as defined in regulation 127 (2)(b) made in terms of the Act.

9.

The main reasons for the Company's present financial difficulties are set out below:

Edcon Limited

- 9.1 Edcon Limited ("Edcon") commenced business rescue on about 29 April 2020. The Edcon group of companies ("Edcon Group") was the Company's largest customer.
- 9.2 The Company has approximately R37 000 000 worth of unpaid invoices in respect of goods supplied to the Edcon Group. As a result of Edcon's business rescue proceedings, these invoices will not be paid and had to be written-off entirely by the Company.

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- 9.3 Of course, this has had a dire effect on the Company's cash flow and overall financial position.
- 9.4 The Company will be lucky to recover a distribution of approximately four cents in the rand in respect of its claim in the Edcon business rescue, when distributions are eventually paid. The distribution, when it is paid, will be wholly insufficient to repair the damage caused to the Company's financial situation.

COVID-19 Pandemic

- 9.5 The COVID-19 pandemic, and the regulations imposed by the state in response thereto, effectively forced the Company to cease trading for a period of approximately seven weeks, from the final week of March 2020 until it was able to resume trading during about the third week of May 2020.
- 9.6 As with many other businesses, the direct and indirect consequences of the pandemic have had a dire effect on the Company's financial position and made it all the more difficult to recover from the blow dealt by the Edcon business rescue.

Credit Guarantee

- 9.7 During or about the third week of August 2020, the Company became aware that the Credit Guarantee Insurance Corporation of Africa Limited ("CGIC") had taken the decision to not provide any credit insurance cover to persons supplying goods to the Company on credit.
- 9.8 The majority of the Company's suppliers, including its major fabric suppliers, rely on CGIC for credit insurance. As such, the Company is unable to obtain its critically needed supplies on credit and it will not have sufficient cash flow to obtain further supplies on a cash-on-delivery basis.
- 9.9. As a result, the Company will be unable to fulfil orders placed by its customers, which orders fall due in the coming months ahead of the summer season.

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The Company's total liabilities are approximately R51 000 000.

11.

For the purpose of recording all legal proceedings that the Company is involved in, as required by Practice Note 3 of 2014, it is recorded that I am not aware of any legal proceedings involving the Company.

12.

For the reasons given above, the Board believes that the Company is financially distressed. From a working capital perspective, the Company's current trading indicates that the Company will not have the cash resources available to pay its expenses with immediate effect. The Company has traditionally operated an overdraft facility with secured banking facilities through The Standard Bank of South Africa Limited.

13.

Accordingly, in the opinion of the Board, it is unlikely that the Company will be able to pay its debts as they become due and payable within the immediately ensuing 6 (six) months.

14.

The Company and Board of Directors do however believe that the business or parts of it are viable in the long term. The Company and Board of Directors believe that the commencing of voluntary business rescue proceedings will assist the Company in developing a business rescue plan which will achieve the best outcome for all stakeholders.

15.

In the premises, it is appropriate for the Company to be placed under Business Rescue for the following reasons:

- 15.1 it is unlikely that the Company will be able to pay its debts as they become due and payable in or about September 2020, being within the immediate ensuing 6 (six) months as contemplated by Section 129 of the Companies Act.

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- 15.2 there is a reasonable prospect that if one or more of the creditors of the Company are not paid (as is anticipated) they may launch proceedings for the winding-up of the Company;
- 15.3 the contemplated Business Rescue proceedings will:
 - (1) allow for the temporary supervision of the Company including the temporary management of its affairs;
 - (2) afford the Company a general moratorium against actions by creditors;
 - (3) allow for a restructure of the Company including the possible sale of certain assets in terms of a Business Rescue Plan to be developed;
 - (4) the Business Rescue Plan will assist the Company to exist on a solvent basis, and allow for time to restructure the Company to enable it to continue as a going concern, which will result in a better return for the Company's creditors and shareholders than that which will result if the Company continued trading in its current form and which may lead to the potential liquidation of the Company


16.

In the premises, the Directors of the Company have resolved that the Company should apply for voluntary business rescue proceedings to be commenced in accordance with Section 129(1) of the Act.



DEPONENT
(BEVAN GARETH EDGLEY)

I hereby certify that the Deponent has acknowledged that he knows and understand the contents of this Affidavit which was signed and sworn to before me at Durban on this 10th day of SEPTEMBER 2020, the provisions of the Regulations contained in Government Gazette Notice R35 dated 14 March 1980 having been duly complied with.

I certify that this document is a true copy of the original which was examined by me and that, from my observations, the original has not been altered in any manner.	
COMMISSIONER OF OATHS	
CORINNE VERMEULEN Commissioner of Oaths Chartered Secretary ACIS Member number: 9805235	
Date: 10/9/2020	Signature: 
Place: Durban	
570 Inanda Road, 1 Fosa Park, Newlands Wes: 4037	

D

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.2

About this Form

- This form is issued in terms of sections 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- This notice must be published to every affected person within-
 - (a) 2 business days after it has filed, if the company appointed the Practitioner, or
 - (b) 5 business days after the court order, in such a case.
- If this notice is issued following a company appointment, any affected person may apply to a court in terms of section 130 for an order setting aside the appointment, or requiring the practitioner to provide security.
- The fee for filing this Notice is R0.

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address
PO Box 429
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0001
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Tel: 086 100 2472

www.cipc.co.za

Notice of Appointment of Business Rescue Practitioner

Date: 10 September 2020

Customer Code: EUG 3NE

Concerning

(Name and Registration Number of Company)

Name: Fashion X Manufacturing (Pty) Ltd

Registration No: 2017/443761/07

The above named company commenced business rescue proceedings on 10 September 2020

The following person has been appointed as the business rescue practitioner: Pierre De Villiers Berrange

By the company, in terms of section 129 (3)(b).

By the court, in terms of section 131 (5).

Name and Title of person signing on behalf of the Company:

BEVAN GARETH EDGLEY

Authorised Signature:

